

Mr. Fernando Garcia  
Director of Public and Regulatory Affairs  
BRP, U.S. Inc.

Testimony  
Before the Committee on Government Reform, Subcommittee on Regulatory Affairs  
United States House of Representatives

Hearing on the National Park Service's Stalled Rulemaking Efforts on Personal Watercraft  
March 15, 2006

House Committee on Government Reform  
Regulatory Affairs Subcommittee  
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10:00 AM  
2247 Rayburn House Office Building

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Director of Regulatory & Public Affairs, BRP U.S. Inc.

Chairwoman Miller, distinguished Members of the Committee, thank you for the opportunity to represent the personal watercraft industry in addressing this subcommittee today about a very important issue that affects 1.5 million boating families and thousands of small businesses across the country.

My name is Fernando Garcia. I am the Director of Regulatory & Public Affairs of BRP U.S. Inc and the Chairman of the Board of the Personal Watercraft Industry Association. BRP is the world leader in the watercraft industry; we have re-invented the recreational and industrial vehicle market with environmentally-advanced technologies and cost-efficient, quality-driven manufacturing techniques.

BRP has manufacturing facilities in Sturtevant, Wisconsin; and Spruce Pine, North Carolina, and Benton, Illinois. We also have product development and distribution offices in Wausau, Wisconsin, Waukegan, Illinois, and Palm Bay, Florida. In total we employ more than 1,400 individuals in the United States that manufacture and distribute BRP marine products. BRP is one of the largest investors in the U.S. boating market. We manufacturer America's best selling personal watercraft brand, Sea-Doo.

And while I take great pride that BRP is the market leader, this market is not what it should be given the advancements our entire industry had made to our technology to make today's personal watercraft both environmentally and family friendly. In 2005 it is estimated that some 80,000 personal watercraft were sold in the U.S. And while this is growth compared to other recent years, this is down from a peak in the mid 1990s of nearly 200,000 units. I have no doubt in my mind and I am 100% certain that my market competitors agree that the bans implemented at the national park service level are primarily to blame for this decline.

In our own case, BRP's operations have been greatly affected by the bans within the National Park Service system. BRP sales figures for personal watercraft dropped precipitously in the late 1990s when news of the potential bans came out. We felt the impact when the rumors began and we braced for the shock when the bans took effect, confident that the two-year grace period established by the Department of the Interior and the National Park Service would result in independent rulemakings that allowed for the continued and uninterrupted use of personal watercraft. This, as you know, did not happen. Not a single park unit completed a rulemaking within the two-year grace period that expired in 2002. As a result, the bans went into effect.

The decline in sales forced BRP to close an office in Melbourne, Florida. This was the U.S. headquarters of our Sea-Doo watercraft division. Due to the decline in demand we had to consolidate our teams, so the entire staff of the Melbourne office was released. My colleagues and friends were without jobs.

Another one of these painful examples is our plant in Strutevant, Wisconsin. This manufacturing site was PWC acquired because it is a large facility that could accommodate the capacity for a growth markets, but weaker demand for PWC forced us to change course and manufacture only outboard engines in Strutevant. Consequently, this manufacturing site has not grown as robustly as we once expected and we have not been able to create the new jobs that was initially projected in the mid-1990s.

### **The PWC Market:**

In order to illustrate the unfounded nature of PWC bans and the consequential economic damage, I feel that I must take a moment to update you on the state of the personal watercraft market today. Early generation personal watercraft were mostly stand-up, single passenger vessels. Detractors of the vessels still attempt to portray this outdated image of the product as current reality. The truth is that the vessels have evolved into larger sit-down models that accommodate up to three persons, which according to a federally funded survey are enjoyed by approximately 20 million Americans over the age of 16. The "typical" PWC owner is over 40 years old, married, and is an experienced

boater. These family-oriented vessels account for 99 percent of the PWC market, while the old stand-ups account for less than 1 percent.

Because they are water jet-propelled, PWC do not have exposed propellers that could injure swimmers or underwater sea life or vegetation. Several dolphin and manatee rescue organizations in the U.S. – such as the Harbor Branch Oceanographic Institute in Florida and Scripps Institute in California – have found personal watercraft to be the safest and most environmentally-friendly vehicle for their important work.

### **Evolution of PWC:**

In the past, PWC were criticized over their sound and concerns about air and water emissions. Our industry responded by investing tens of millions of dollars in new technologies that have made PWC among the cleanest and quietest boats on the water. Industry-wide, all newer model PWC use cleaner-running four-stroke or new technology two-stroke engines that have reduced emissions by at least 75 percent and in some cases more. Our new models not only met, but in many cases exceeded the EPA's 2006 emission reduction standards for several years already. We've been ahead of schedule.

Today's PWC are 70% quieter and meet all applicable federal and state noise restrictions. Importantly, the National Park Service's own environmental assessments have confirmed time and again that PWC use will neither impair nor significantly impact the environment or human health. Fifteen park units – not one or two, but fifteen - have taken the time to evaluate PWC and each has decided that PWC use is appropriate, will not impair park resources, and should resume.

Unfortunately, critics of PWC continue to use inaccurate and outdated information to justify banning PWC owners from operating their craft in areas where other forms of motorized boating are allowed. For many families, a PWC is the only family boat they can afford – yet they are banned in places where more expensive boats can operate.

### **NPS Regulatory Backlog – The problem**

The regulatory backlog and lack of response from the National Park Service with regards to reopening parks to personal watercraft use has been deeply frustrating for the industry. In March 2000, the NPS banned PWC system-wide but allowed some PWC use to continue for a two year “grace period” in 21 units where other motorized boating was prevalent. The 21 units were supposed to evaluate PWC during this two-year period and, if appropriate, reauthorize continued PWC use after the grace period expired.

Due to a lawsuit brought by the Bluewater Network, the rule was effectively amended to require each of the 21 units to conduct a full NEPA analysis and complete a special rulemaking before reauthorizing PWC use. Not a single park complied within the grace period. As a result, PWC users were effectively banned throughout the park system. As I noted, only 15 parks units to date have completed a site-specific environmental assessment. Every one of them has concluded that PWC use is appropriate in the unit. But only ten of those fifteen park units have completed the rulemaking process. The five other units have inexplicably stalled in the rulemaking process with no sign of progress for yet another boating season. Even the ten units that have completed the rulemaking did so years after the grace period. Businesses have suffered and boaters have been shut out for alleged reasons, allegations that we are clearly finding through the environmental assessments are completely unfounded.

Again, allegations have caused this industry direct harm. More than \$2 Billion worth of harm, and countless family-run businesses are no longer in business. This Committee should accept these allegations no longer and rest on the findings of these fifteen consecutive scientific studies and reopen the stalled parks immediately. One other park unit, Padre Island National Seashore in Texas announced in 2002 that they would be conducting an environmental assessment and going forward with the rulemaking but since that they have done neither. Now we sit here, the year is 2006. The grace period expired in 2002 and the National Park Service tells us nothing new and fails to commit to a near-term hard deadline to complete the rulemakings.

Millions of personal watercraft owners and users have been forced to wait four years past the deadline established in the NPS rule for these units to reopen, with no end in sight. There is simply no justification for this delay.

## **Closing**

Madam Chairwoman, Committee Members, we ask you for your help. We have repeatedly made the case that the National Park Service must streamline their regulatory process in light of scientific findings that show PWC cause no unique environmental harm, and in light of the economic damages these regulations have caused.

But still, deaf to our appeals, rulemakings for the remaining six parks languish. And keep in mind that as long as the National Park Service bans PWC, other local lakes and seashores across the country will follow suit. As the gold standard for parks regulation across the country, the bad example the NPS is setting hurts boaters and the industry in a much wider realm outside of the National Parks.

We implore you to put pressure on the National Park Service to quickly expedite these rule makings. Each boating season that goes by with these bans still in effect the estimated total costs to the U.S. economy is approximately \$567 million a year.

We ask that all the remaining rulemaking process be complete no later than April of this year, as requested last May 2005, so that consumers have time to purchase personal watercraft for this year's boating season.

Thank you.

## ATTACHMENTS TO TESTIMONY



Image: PWC jet nozzle. PWC do not have exposed propellers.

### THEN...

1970s, 1980s, early 1990s



1% of sales today

### ...NOW

1998 - Today



- 99% of sales = multi-person, family PWC
- 75%+ reduction in emissions
- 70% reduction in sound
- Environmentally friendly four-stroke models top selling PWC
- PWC comply with all U.S. & state emissions and sound requirements

The following table shows how despite a growing PWC population (1.4 million registered PWC in 2003), accidents involving PWC have consistently declined over the past decade.

**U.S. Coast Guard PWC Statistics 1991-2003**

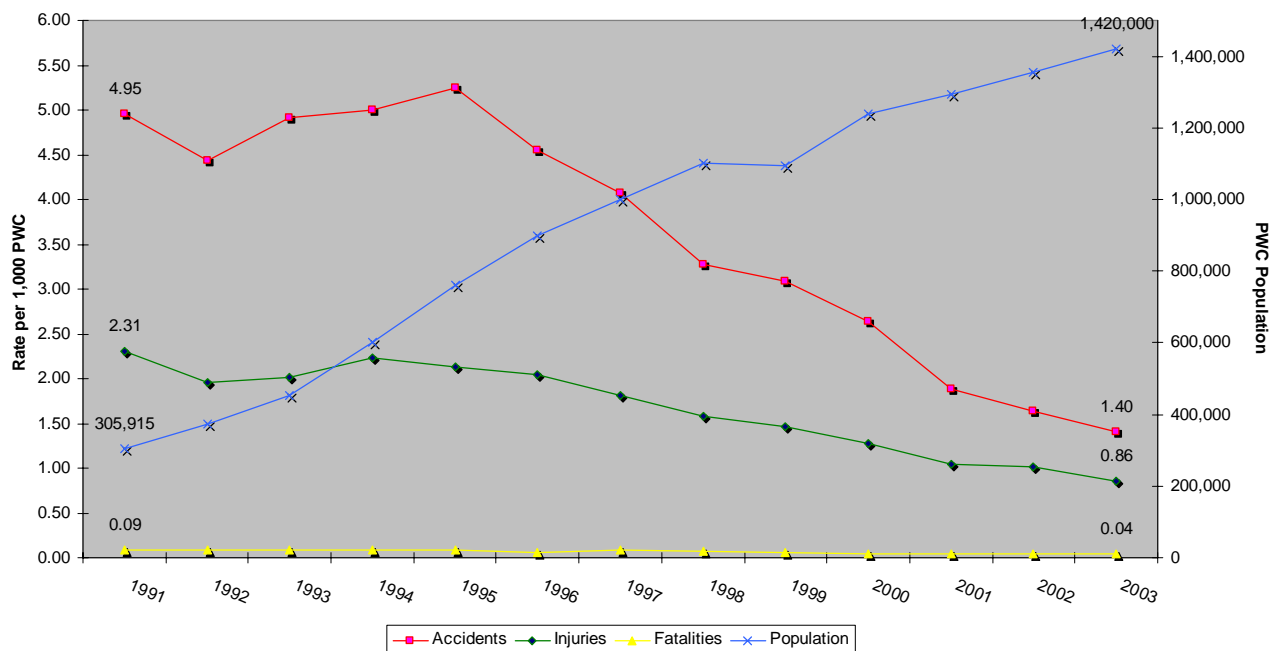




Table: Status of NPS Review and Rulemaking for PWC

## NPS Status As Of 2/2/06

Park Unit	Draft EA/EIS Released	Draft Rule Released	Final Rule Released	Time From EA Release
Lake Mead (AZ / NV)	April 24, 2002	September 5, 2002	April 9, 2003	12 Months
Assateague (MD / VA)	April 1, 2002	May 6, 2002	May 30, 2003	14 Months
Lake Powell (AZ / UT)	September 14, 2002	January 17, 2003	September 26, 2003	12 Months
Amistad (TX)	April 8, 2003	October 22, 2003	May 27, 2004	14 Months
Lake Meredith (TX)	March 10, 2003	December 12, 2003	May 27, 2004	14 Months
Lake Roosevelt (WA)	April 29, 2003	February 6, 2004	June 25, 2004	16 Months
Chickasaw (OK)	March 10, 2003	March 25, 2004	September 2, 2004	18 Months
Bighorn Canyon (MO / WY)	June 11, 2003	May 5, 2004	June 1, 2005	24 Months
Fire Island (NY)	September 5, 2002	August 23, 2004	July 6, 2005	34 Months
Pictured Rocks (MI)	July 22, 2002	November 15, 2004	October 27, 2005	35 Months
Gulf Islands	April 19, 2004	March 17, 2005	February 2006???	22 Months
Cape Lookout (NC)	January 24, 2005	December 29, 2005	June 2006???	12 Months
Gateway (NY / NJ)	May 13, 2003	February 24, 2006	???	34 Months
Curecanti (CO)	June 13, 2003	February 2006???	???	32 Months
Padre Island (TX)	February 13, 2006	???	???	???
NPS Published Service-Wide PWC Rule March 21, 2000				
NPS committed to completing the unit-specific PWC rulemaking process in 16 units on April 16, 2002				
10 units are reopened to PWC; 3 additional units (Gulf Islands, Cape Lookout & Gateway) have published a draft				
2 units have published EA's, but no rules				
Time elapsed from EA release to Final Rule publication has averaged 19+ months				
* indicates most recent estimates provided by NPS staff to Congressional staff on 1/31/2006				

Table: Reduced PWC Emissions Achievements (industry wide)

